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CURRENT SERIAL RECORDS

CATTLE MARKETINGS INCREASE

Cattlemen plan to market more fed cattle than last winter or the preceding spring. On April 1, there were slightly fewer cattle than the year before in weight groups that typically reach slaughter finish in the spring. But cattlemen reported intentions to market 5 percent more cattle this spring, suggesting shortened feeding periods and continued lighter slaughter weights.

The number of cattle on feed is smaller than last April 1 in the Corn Belt, but larger in the West and Southwest. Slaughter weights from western feedlots, usually lighter than in other areas, this spring are likely to average lower than a year ago. In the Southwest, drought conditions are influencing local producers' plans to market larger numbers. Although some fairly general rains were reported during April, much more moisture will be needed to break the drought.

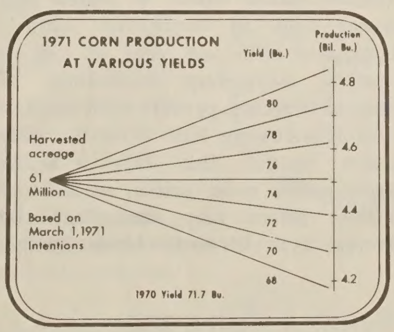
Despite larger pork output than in 1970, cattle prices this winter strengthened from $28 per 100 pounds (Choice steers, Omaha) in early January to $32 in February, and have held rather steady since. As spring marketings increase prices are likely to weaken, although the prospective lighter marketing weights could temper any decline.

HOW MUCH CORN?

The big unknowns in the 1971/72 feed situation are weather in Great Plains and western Corn Belt and possible recurrence of corn blight.

Although the Southern corn leaf blight received much of the blame for low yields last season, dry weather in the western Corn Belt also caused trouble. Much of the prospective 4.3-million-acre increase in plantings projected for this year is slated for this region and the Northern Plains. Both regions experience more variable weather than Eastern corn country.

Corn production probabilities in 1971 are indicated in the diagram below. It assumes 61 million acres will be harvested, as indicated by planting intentions.



At the low end, even if yields drop somewhat below the 71.7 bushels per harvested acre of last year, the corn crop is not likely to be much smaller than the 4.1 billion bushels of 1970.

Even with yields per acre the same as in 1970, the 1971 crop would be nearly 300 million bushels over last year, because of increased acreage.

If, in addition, the western Corn Belt gets better weather, production could rise by a tenth, to around 4½ billion bushels.

If this is the case, total feed grain production could be well above the short 1970 crop of 159 million tons and be about in balance with 1971/72 prospective use.

SWITCH TO SORGHUM

About 3 million more acres of grain sorghum will be planted this spring, bringing total intended acreage to 20 million acres. Larger acreage is planned in nearly all sorghum producing States. Low yields last year reduced the crop to 700 million bushels; larger planting and higher yields this year could produce a crop of 900 million bushels.

The reduced 1970 crop and heavier domestic use and exports have sharply lowered sorghum stocks. The carryover October 1 may drop below 150 million bushels, the lowest level since the mid-1950's. Even with the small carryover, a 900-million bushel crop would provide a supply large enough to accommodate increased domestic use and more exports, and still leave larger ending stocks.

RECORD HAY HARVEST?

Farmers plan to harvest a little more than last year's 63.2 million acres of hay. Last year's crop was record large, despite reduced yields caused by dry summer weather. If normal weather prevails this year, production would rise about 4 percent, for a new record of around 133 million tons.

TOBACCO PROSPECTS

A smaller tobacco crop this fall and a smaller carryover in 1972 are in prospect. Growers' planting intentions indicate a total acreage 6 percent smaller than last year, with most of the decline in flue-cured planting. Yield trends suggest a crop of around 1.7 billion pounds, a tenth less than last year's crop. Adding in a carryover of about 3.7 billion pounds expected for July 1, prospective U.S. tobacco supplies for the 1971/72 season stack up to 5.4 billion pounds—slightly less than in the current season.

Looking further down the road to summer 1972, the carryover probably will be smaller than this season. The 1971 crop is likely to fall short of domestic plus export tobacco needs, cutting further into stocks.

NEW BURLEY PROGRAM

A burley poundage control program, prompted by rapid yield gains for burley tobacco, became law on April 14. The new program, authorized by an amendment to the Agriculture Act of 1938, permits USDA to reduce quotas on ½-acre-or-less allotment farms that could not be reduced under the previous law.

The new measure authorizes poundage cuts of up to 5 percent from the quota base this year on all burley farms. Last year, about two-thirds of the burley allotments, covering a third of the total alloted acreage, were one-half acre or less. During 1972 and 1973, USDA can further cut poundage quotas on minimum quota farms up to 2½ percent each year, and cut poundage up to 5 percent each year on larger quota farms. Thereafter, the national quota can't be less than 95 percent of projected disappearance.

USDA has proclaimed national marketing quotas for the next 3 burley crops. Burley growers will vote May 4 whether or not to accept quotas on a poundage basis for 1971-73.

If two-thirds of the voters favor quotas, price supports for burley tobacco would continue, and the 1971 marketing quota will be about 555 million pounds, 1 percent below last year's marketings. A crop about equal to the marketing quota plus the indicated carryover would result in a 1971/72 supply about the same as the 1.9 billion pounds for the current marketing year. The new legislation allows growers for the first time to lease and transfer burley quotas within counties.

FIRST HALF TURKEY OUTPUT GAINS

First-half turkey meat output usually accounts for less than a fifth of the year's total. But production for this off-season period looks unusually large this year. Federally inspected slaughter leaped 30 percent during the first 2 months of 1971, compared with January-February 1970. Output will remain at a high level through summer, as producers reap the harvest of heavy poult production last winter.

Producers' prices reflect the larger output, as well as larger cold storage stocks. January-March prices averaged nearly 4 cents below the 21 cents a pound of the first quarter of 1970.

The output picture will change during the second half, when most birds go to market. Production may not match the second half of 1970. A smaller poult hatch in March and fewer eggs in incubators April 1, compared with last year, as well as sharply stepped-up marketings of banded breeders, provide evidence that output is slowing. With more moderate pork output this fall, lessening pressure on meat prices, second-half turkey prices may strengthen and average near year-earlier levels this fall.

BUILDUP FOR EGGS

Larger egg supplies, smaller use by chick hatcheries, and larger supplies of high-protein foods weigh against egg prices running any stronger than last spring and summer. Prices this January-March averaged nearly 15 cents a dozen less than the high first-quarter prices last year. Spring may bring some further decline as output increases seasonally. Summer prices probably will rise seasonally, but won't better last summer's levels.

January-March output rose 4 percent from a year earlier and production will stay relatively large in coming months. Growers have reduced pullet chick placements for laying flocks during the past several months. However, use of the recently approved Marek's disease vaccine may sharply trim the rate of chick mortality and boost the percentage of these birds that eventually will lay. Thus, replacement pullets, even assuming continued relatively heavy culling of old flocks, are likely to hold up layer numbers through most of 1971.

The higher rate of lay so far this year also may be sustained. Not only have more pullets entered the laying flock, raising productivity potential, but producers have also culled old flocks heavily in recent months.

BROILERS TO DO BETTER

Broiler prices have generally averaged below 1970 levels so far this year. Production will move upward seasonally this spring and summer, but still moderately lag last year's record volume: Broiler chick placements in 22 States for April-May market supplies were down 6 percent from a year earlier, and eggs in incubators April 1 were down 7 percent. With less broiler production in prospect through summer, prices are likely to do better than last year for the balance of 1971.

MORE COTTON IN WEST

Western cotton growers are boosting acreage this spring. Their larger intended plantings will offset a reduction in the eastern half of the Cotton Belt, pushing total U.S. indicated cotton plantings to 12.1 million acres. Including 12 million acres of upland cotton, this would be well over the 11½-million-acre national upland base allotment and 1 percent larger than last year's actual plantings.

Cotton acreage has trended steadily upward in Texas, where growers intend to put in 5.4 million acres, up 119,000 acres from 1970. Western acreage increases this spring range from 1 to 8 percent. Recent rains in the Southwest could help growers attain their intended acreage, but are insufficient for the full growing season.

In the Southeast and Delta, though, intended acreage slipped 2 percent below last spring, partly because of heightened competition with plantings of soybeans and sorghums.

CARRYOVER TRIMMED

The smallest cotton carryover in more than a decade is in prospect next August. Likely to total 4½ million bales, it would be 1¼ million smaller than last August, continuing a 5-year trend of stock reduction.

The low level of the cotton output last year and some recovery of cotton exports during the current marketing season are the keys to smaller stocks. Exports for 1970/71 may gain a fourth to 3½ million bales, while domestic use will about equal or top last season's 8 million bales.

TIGHT PIMA SUPPLY

Producers of American Pima (extra-long staple) cotton are responding to a relatively tight supply situation. Low yields chopped output in 1970. Prices have been good and stocks have dwindled; a much smaller carryover is likely. For 1971, the national acreage allotment has increased 50 percent. Thus, plantings of the high-quality fiber, concentrated in Texas, New Mexico, Arizona, and California, are slated to expand to 111,000 acres, compared with 76,000 last year.

VEGETABLE OUTPUT DIPS

Production of 15 fresh vegetable crops for spring is forecast 3-4 percent less than last year, with smaller lettuce plantings responsible for most of the dip. Earlier this year, cold weather visited major vegetable production areas, checking growth of corn, tomatoes, peppers, cucumbers, and eggplant in Florida, lettuce in California and Arizona, and tomatoes for import from Mexico. Average price to growers hit a record in March, but have since declined and will move down further during spring as supplies increase seasonally.

SMALLER PROCESSED VEGETABLE SUPPLIES

Growers of the top 8 processing vegetables plan to up acreage 3 percent this year. Supplies of processed vegetables currently are well below the level of last 2 years, and most prices are firm to strong. Demand for processed vegetables has held up well, and total canned vegetable stocks at the end of the current season will again be lower than the year before. Arpil 1 frozen vegetable stocks were 15 percent lower than a year earlier.

Currently, growers are planning acreage increases that suggest total supplies of canned vegetables for 1971/72 may be close to the season now ending and frozen supplies may be somewhat larger, but not burdensome.

FARMLAND VALUES RISE IN EAST AND SOUTH

Since late 1970, farm real estate prices in the East and South have increased, helping to carry U.S. average farmland values 3 percent higher for the year ended March 1. Farmland and building values have increased one-fifth since 1967.

Real estate value gains were sharpest in Delaware, Alabama, Georgia, and South Carolina, up 10-12 percent. Values in most States east of the Plains, apparently governed as much by nonfarm activity as by agricultural potential, were up by more than the 3-percent U.S. average.

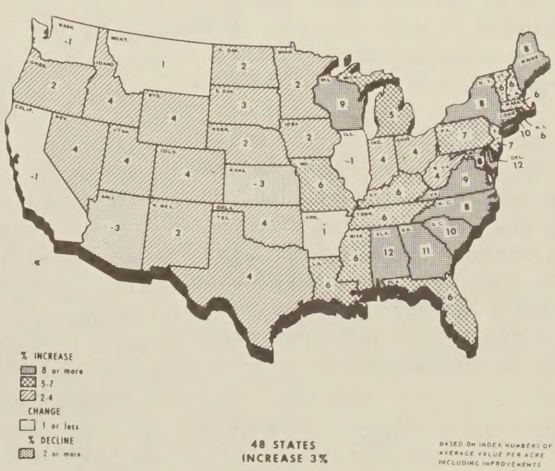
During the past survey year, farm real estate prices were sluggish from the Plains westward. Prevailing high interest cost particularly dampened real estate sales on the West Coast and in the Corn Belt.

Conditions March 1 showed that loan costs had eased a little and the money supply had loosened, but purchasers were slow to make long-term commitments on borrowed capital.

Increased farm real estate activity is likely in the months ahead, mostly in the Northeast and Southeast. Most major lending institutions indicate that increased funds will be available.

CHANGE IN DOLLAR VALUE OF FARMLAND

Percentages, March 1970 to March 1971



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THE FUTURE OF COTTON

GROWING FIBER MARKET

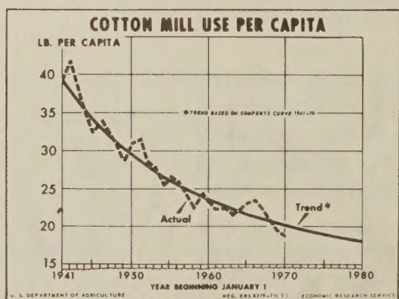
The U.S. market for fiber may grow rapidly during the 1970's. Projections point to domestic use of cotton and manmade fibers increasing by half and reaching almost 15 billion pounds by the end of the decade.

Population will grow 10-15 percent, implying moderately larger aggregate fiber use by 1980. A growing proportion of the population will be 25-45, the age bracket of largest fiber purchases. Another stimulus to fiber use will come from rising consumer incomes. Historically, per capita fiber use has risen 5-10 percent for each increase of 10 percent in disposable personal income. And per capita disposable personal income (1958 dollars) for 1980 is forecast at about $3,500, a third higher than today. This could add a fourth to total per capita domestic mill use of fibers.

PER CAPITA USE STEADIES

Stimulated by higher take-home pay, per capita mill use of all fibers has been rapidly increasing. However, cotton's share of the rising consumption level has been gradually diminishing.

During the last decade, per capita mill use of fibers jumped from 36 to



47 pounds. Cotton's share of this total dropped almost 5 pounds, to 19 pounds in 1970.

During the 1970's, per capita mill use of all fibers will continue upward, reaching 55-60 pounds by 1980. Cotton use per capita may drop less in this decade than in the 1960's. Use is projected off only about 1 pound by 1980, with the decline slowed by improvements and innovations in cotton-blend fabrics, stepped-up cotton promotion, greater demand for sports and leisure wear, and income gains that spur fiber use.

COTTON MILL USE MAY RISE

Although per capita mill use of cotton is projected to decline slightly over the next decade, a rising population will more than offset this trend. Annual consumption of cotton by domestic mills should increase from the 1970 level of 8 million bales to 8½-9 million bales by 1980.

Cotton textile imports are also likely to increase. Recent trends indicate that cotton textile imports, translated into raw cotton equivalents, gain about 0.5 percent of the domestic fiber market annually. If this rate continues through the 1970's, the import share of domestic use of cotton will rise to 17 percent in 1980, compared with 12 percent currently.